

KOGA

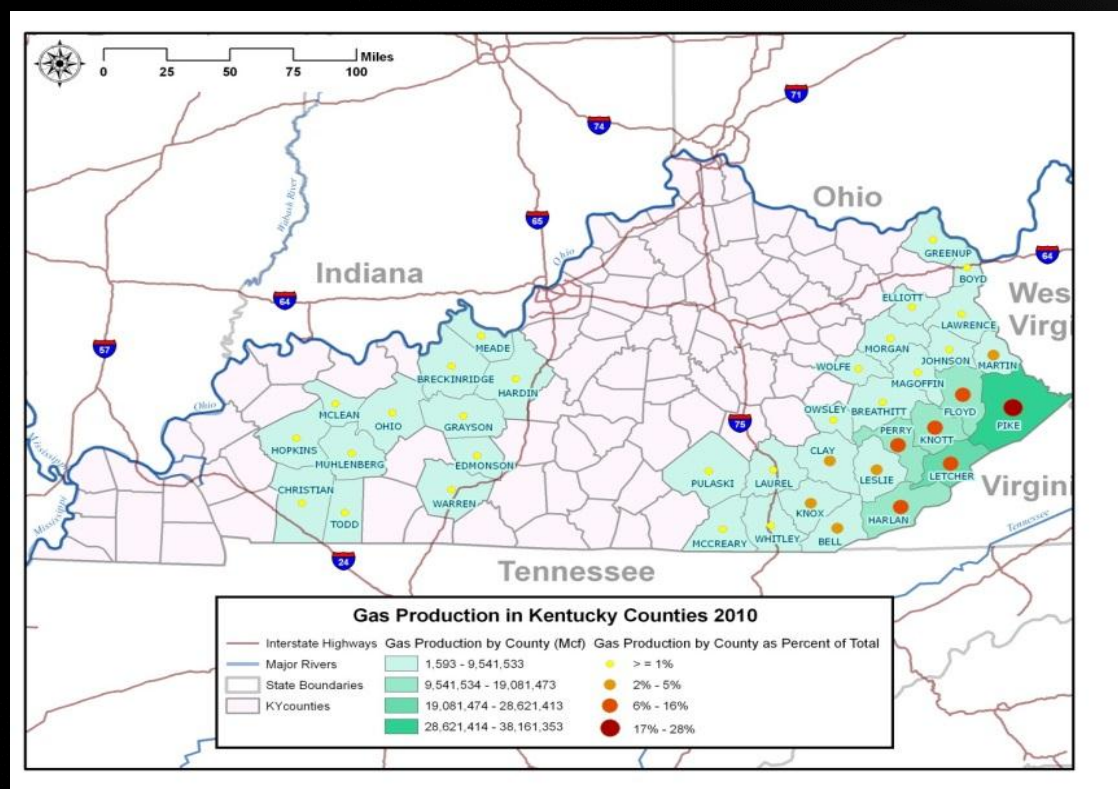
The Economic Impact of Kentucky's Oil and Gas Industry on Kentucky's Economy

*Presented by: Andrew V. McNeill Executive Director –
KOGA*

*Research Conducted by: Dr. Paul Coomes, Professor
Emeritus of Economics - University of Louisville*



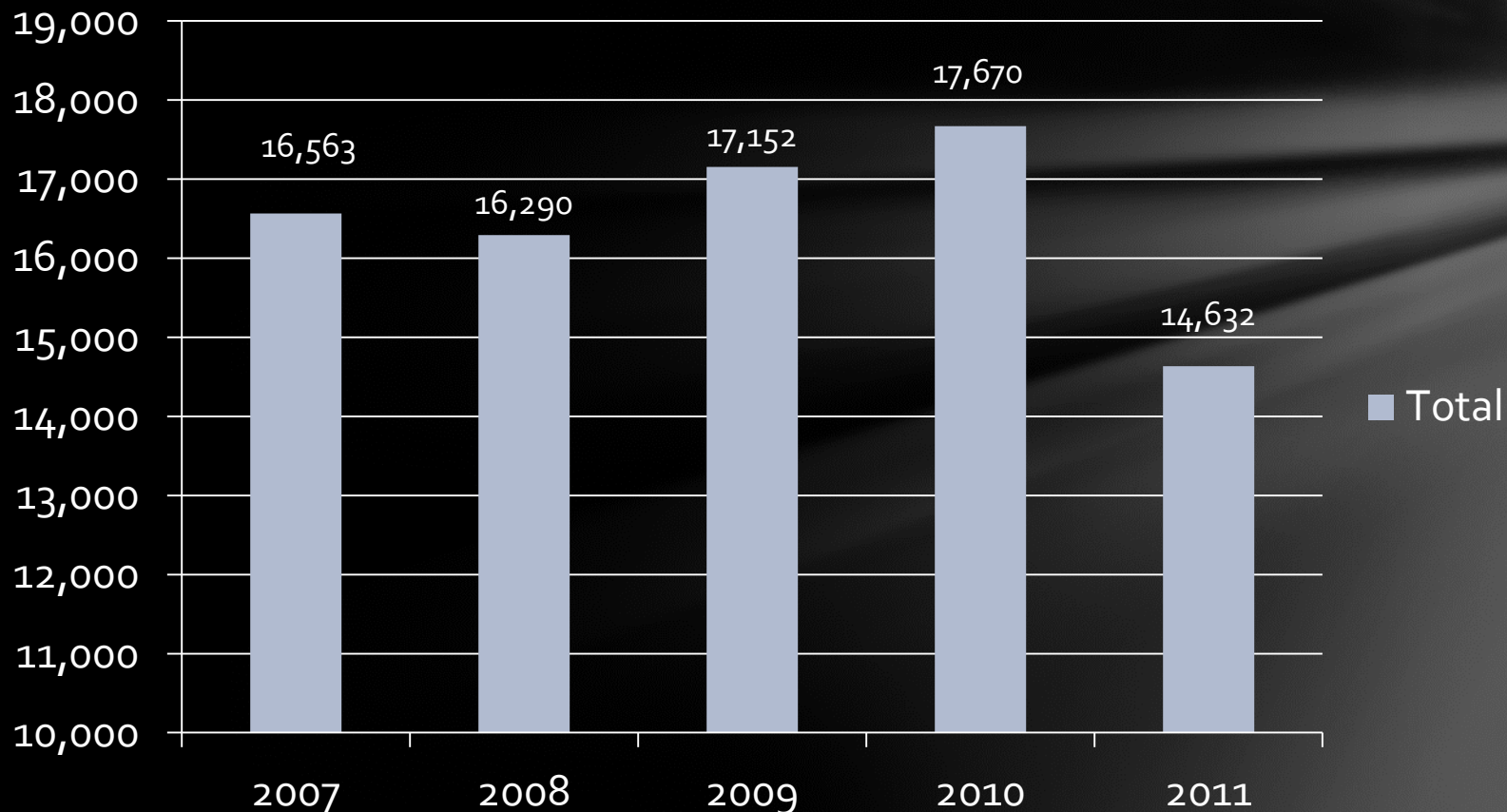
Gas Production – Kentucky Counties 2010



Source: Special thanks to Brandon Nuttall at KGS for supplying county-level data to create map.
Data edited by Paul Coomes, Ph.D.

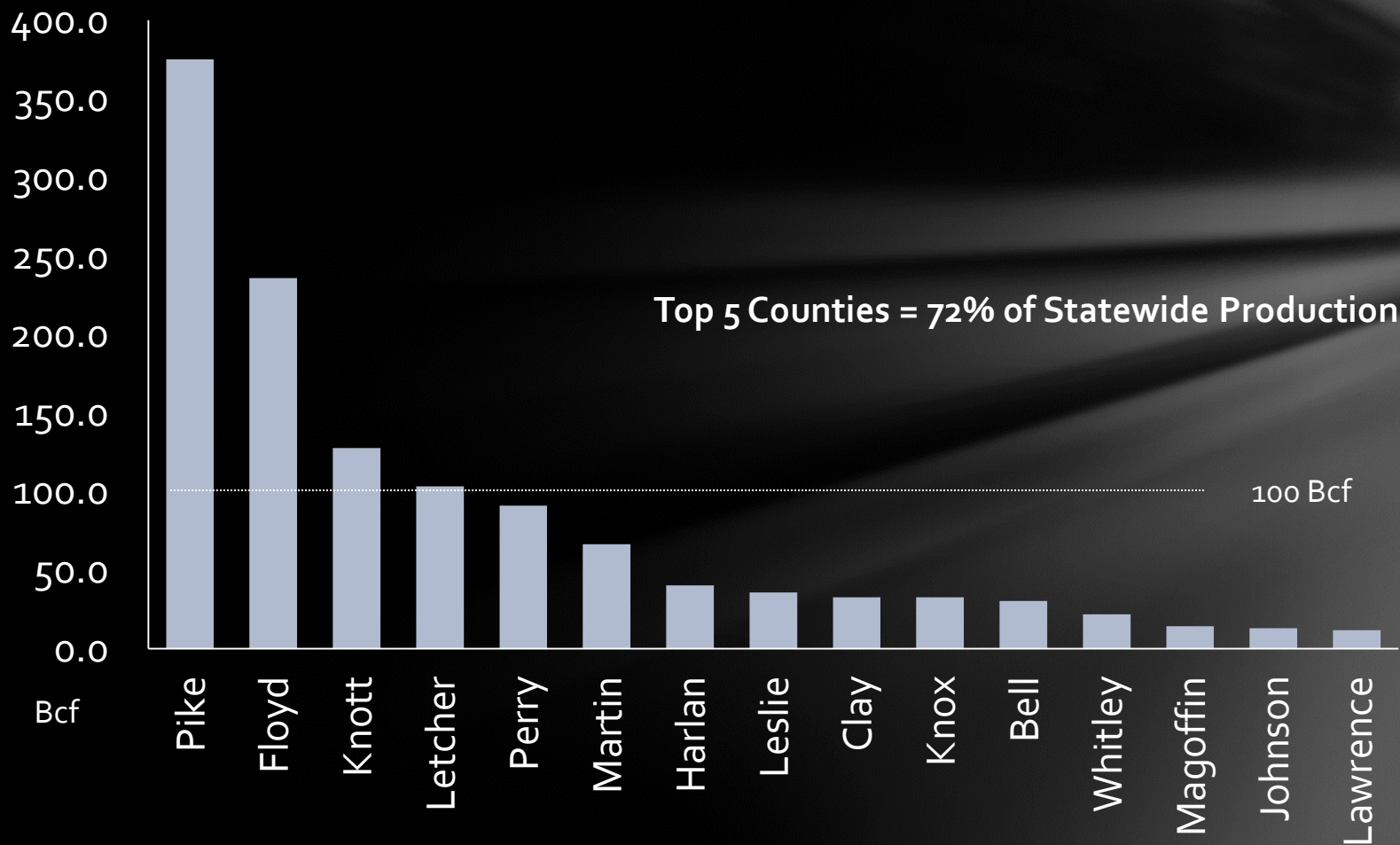
Number of Producing Gas Wells: 2007-2011

Producing Gas Wells - Kentucky



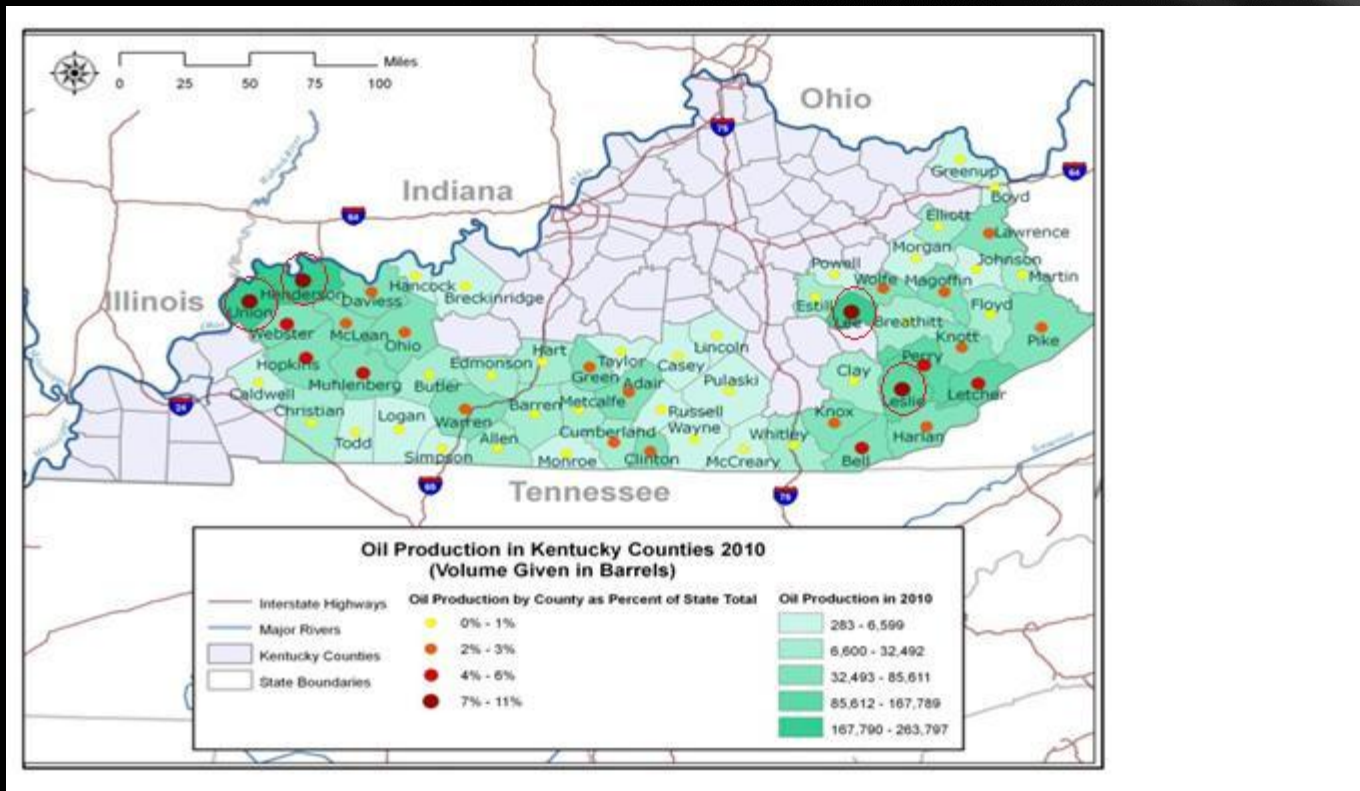
Source: EIA – www.eia.doe.gov

Top 15 Natural Gas Producing Counties: 2001-2011



Source: Kentucky Geological Survey

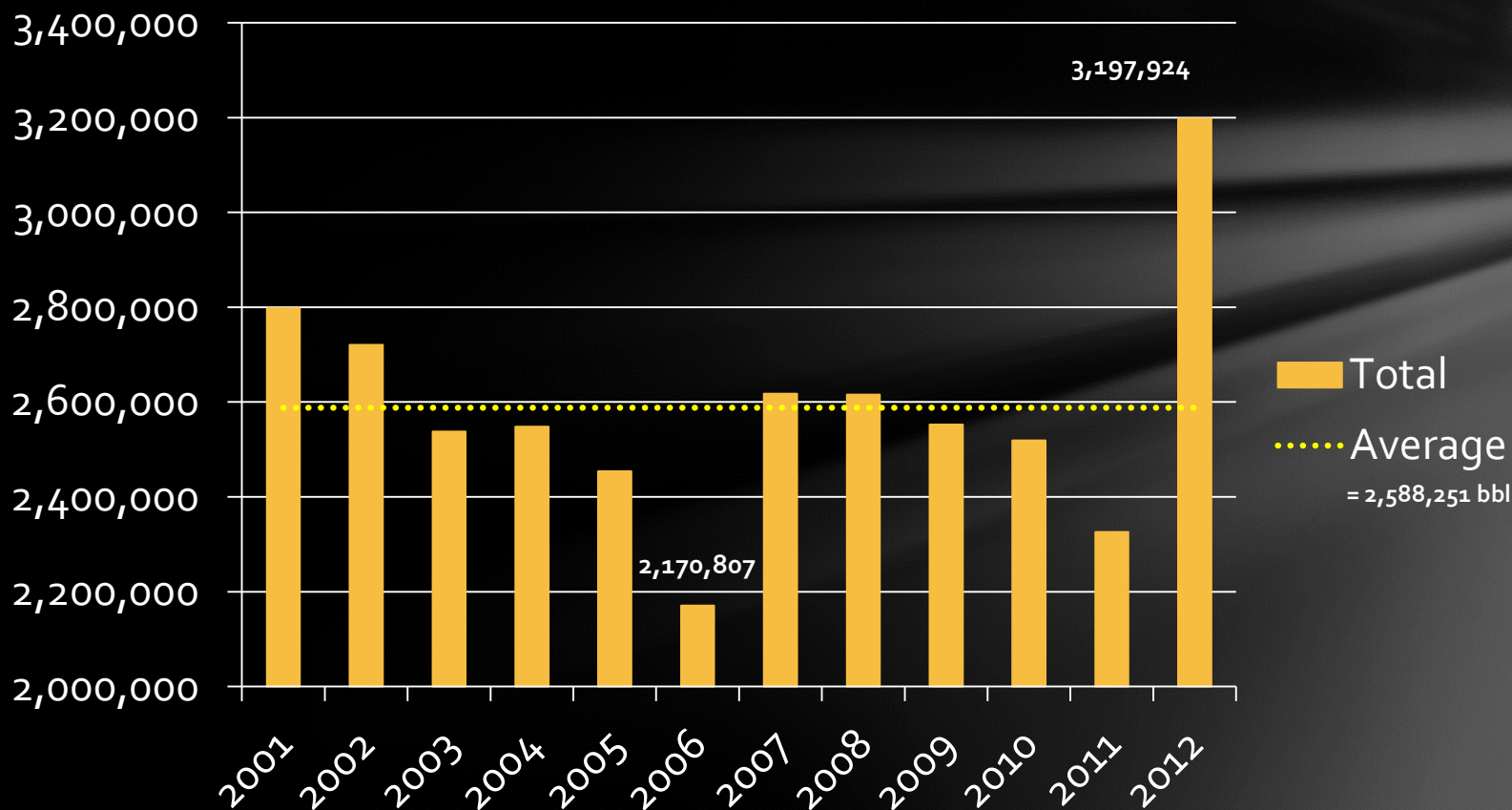
Oil Production – Kentucky Counties 2010



Source: Special thanks to Brandon Nuttall at KGS for supplying county-level data to create map.
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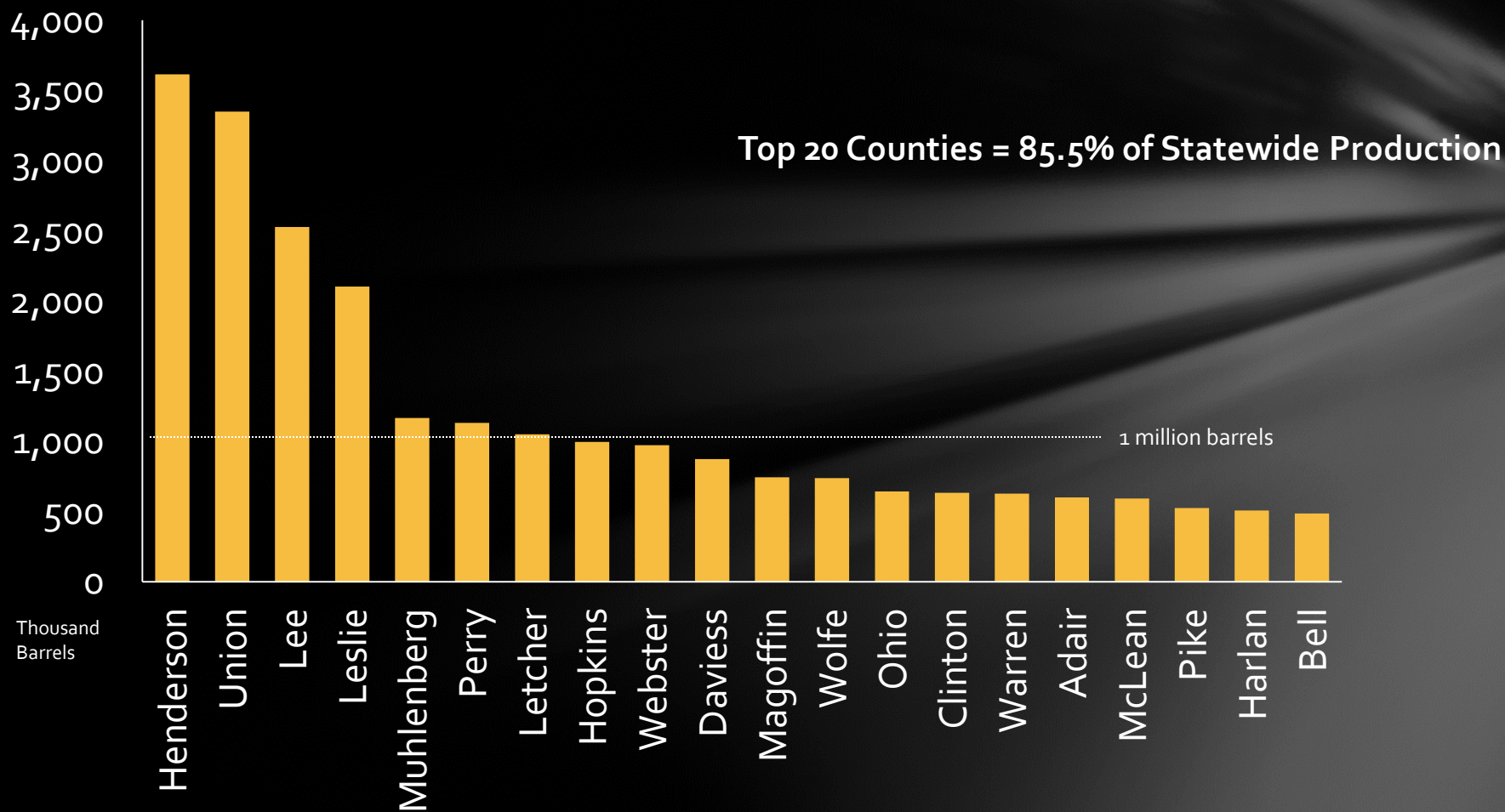
Annual Oil Production: 2001-2012

Total Barrels 2001 – 2012 = 31,059,015



Source: Kentucky Geological Survey <http://kgs.uky.edu/kgsmap/OGProdPlot/OGProduction.asp> and EIA.DOE.GOV

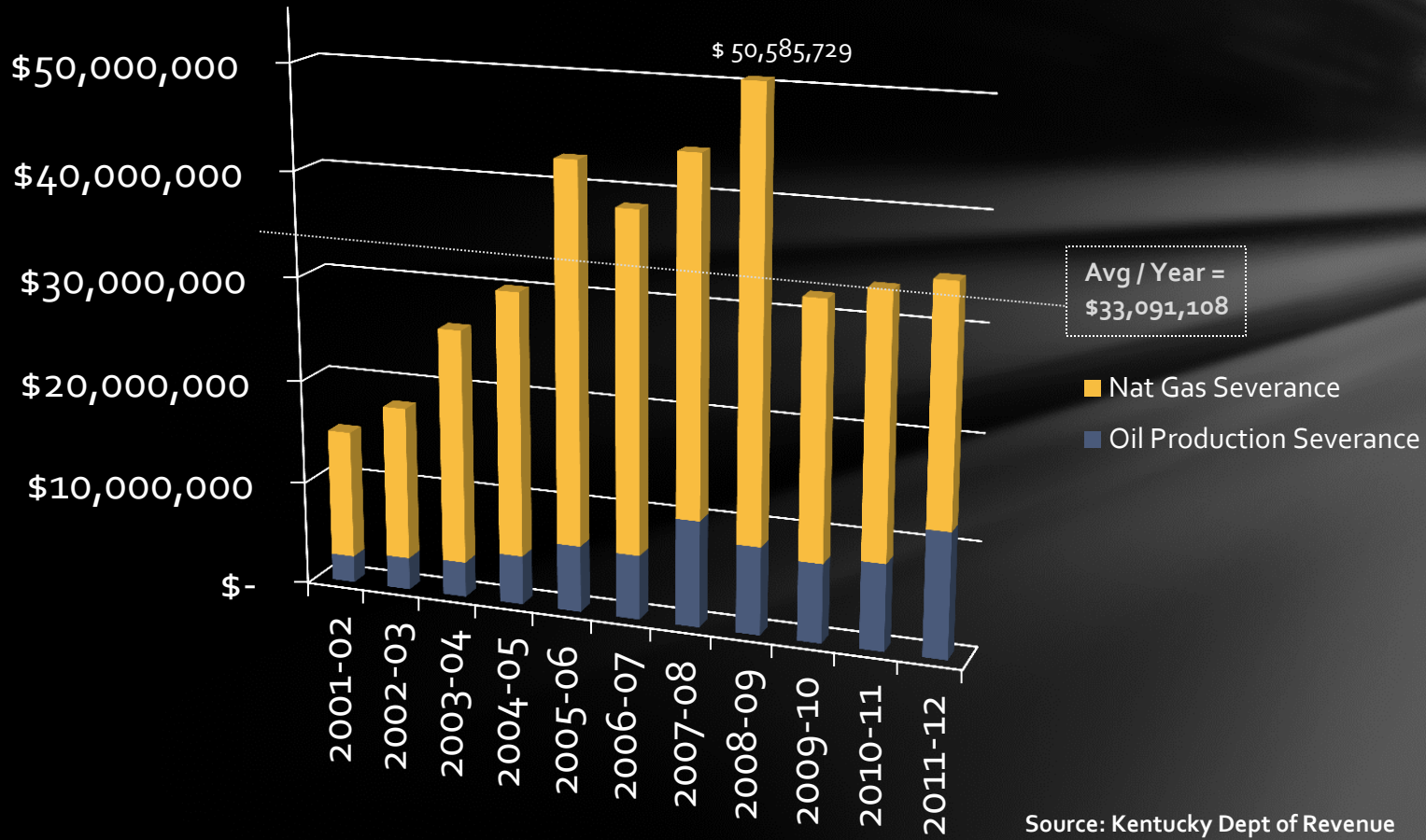
Top 20 Oil Producing Counties: 2001-2011



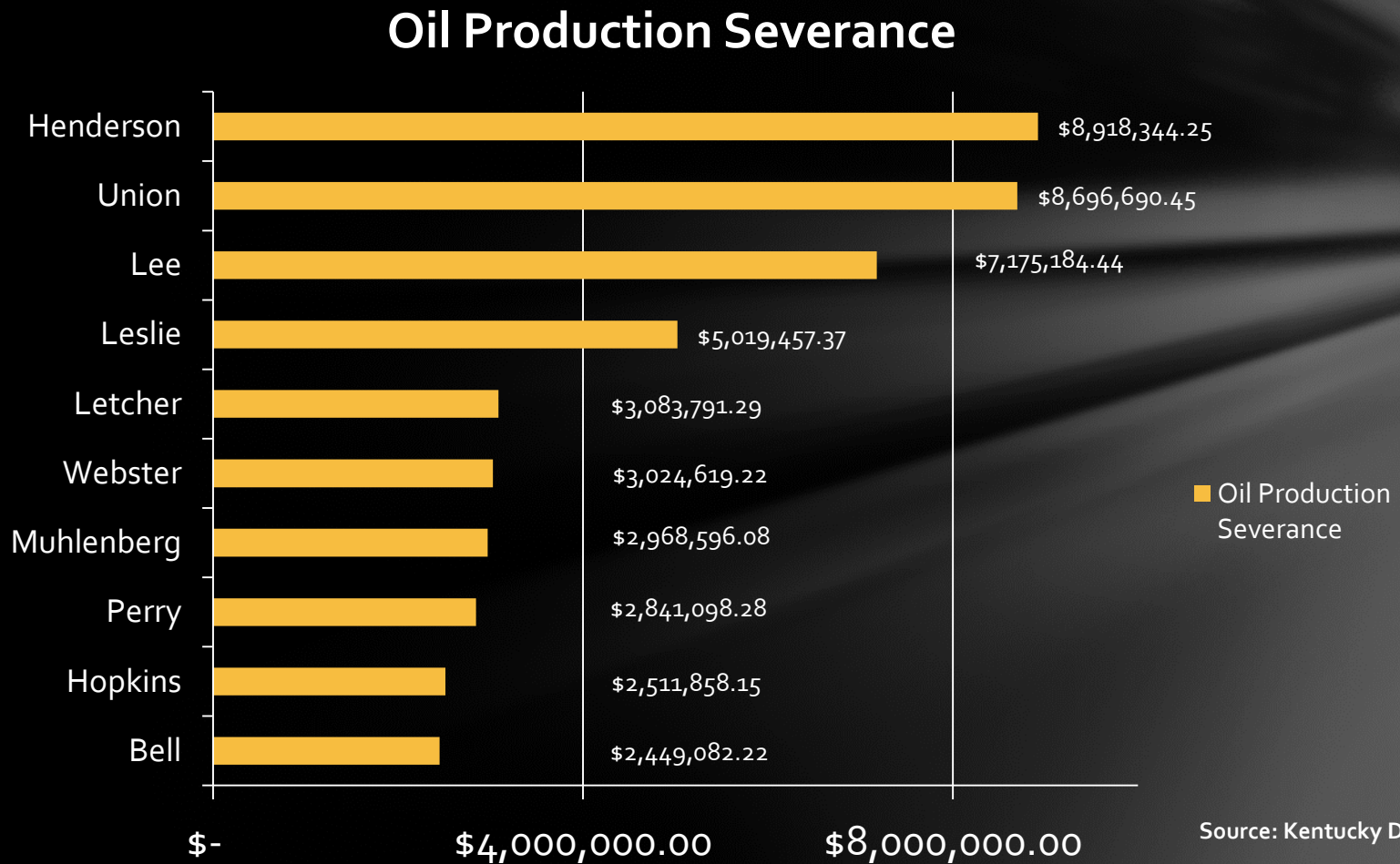
Source: Kentucky Geological Survey

Oil & Gas: Annual Severance Taxes

Source: Kentucky Geological Survey

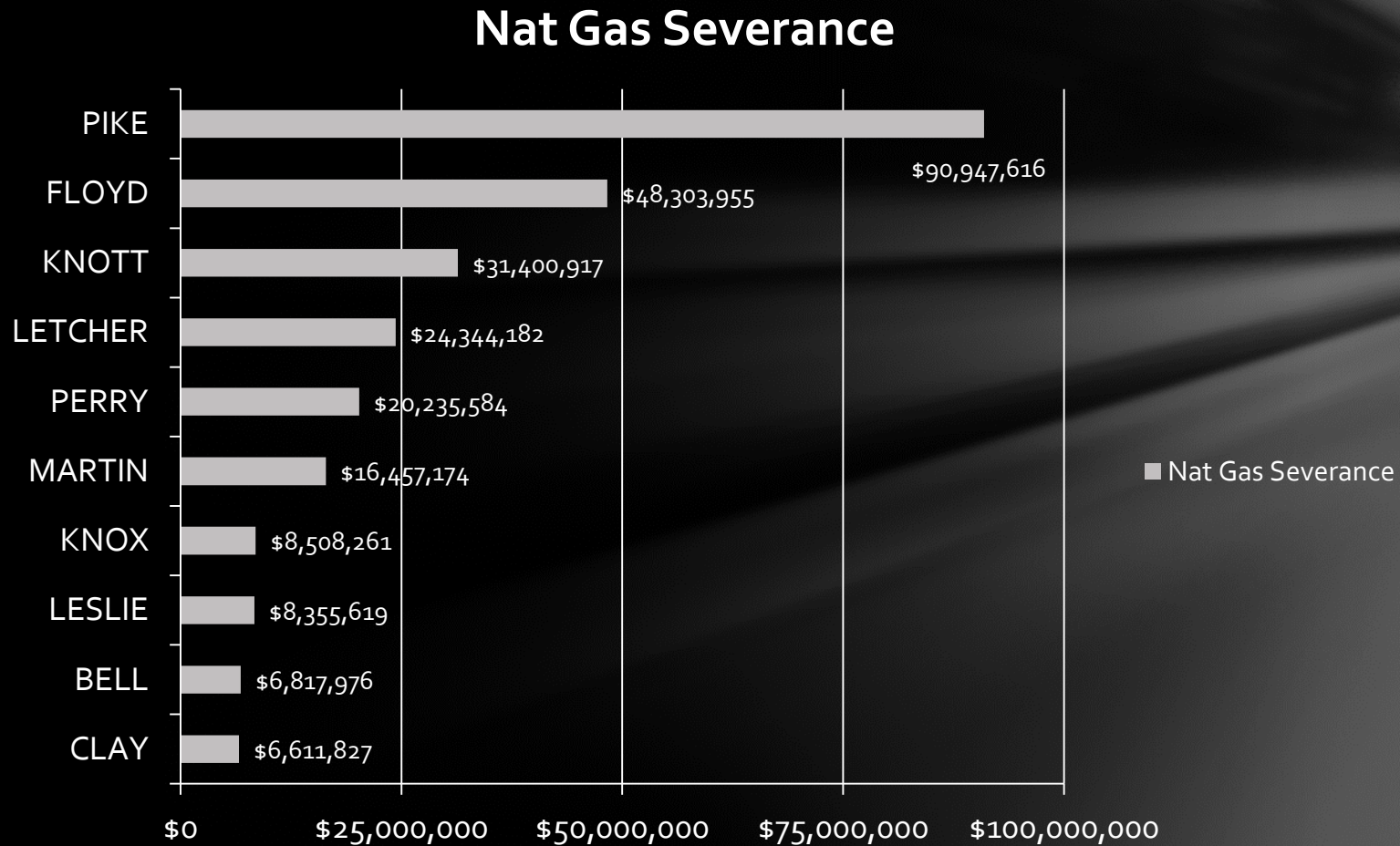


Oil Production Severance Tax 2002-2012



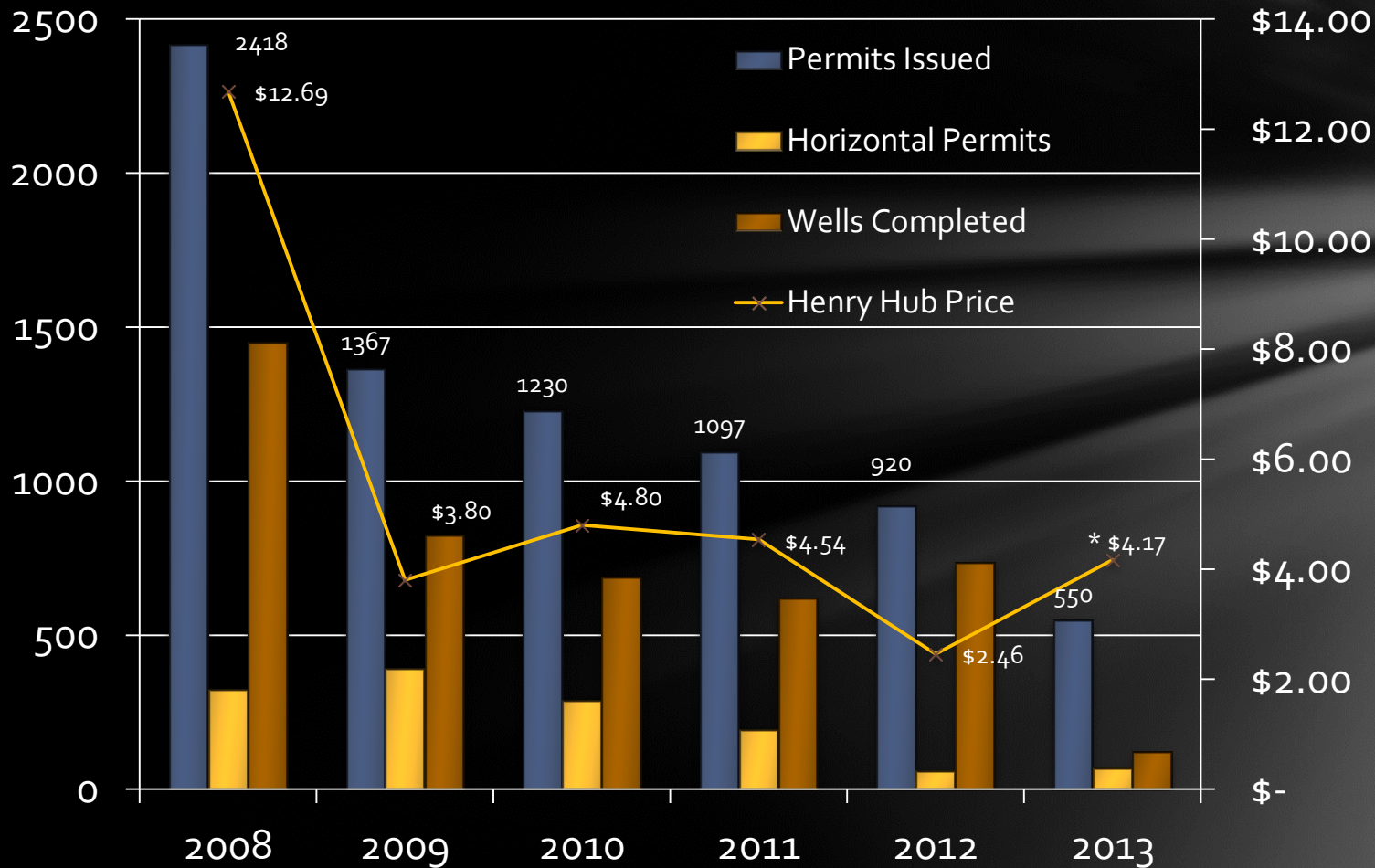
Source: Kentucky Dept of Revenue

Natural Gas Severance: By County 2002-2012



Source: Kentucky Dept of Revenue

Kentucky Oil & Gas: 5 Year Trend

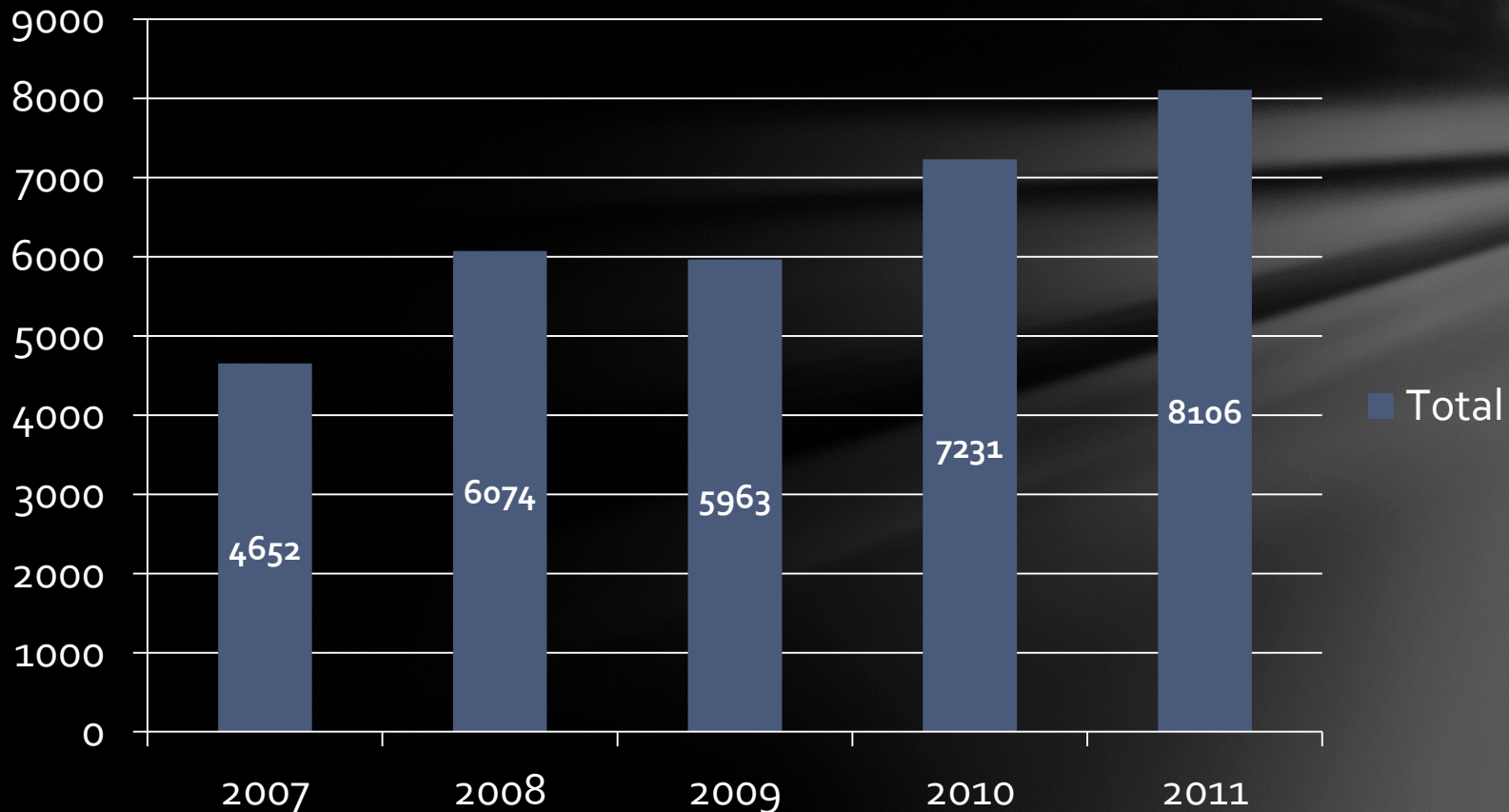


Source: KY Division of Oil and Gas
 Henry Hub Prices Based upon June of each year.
 *Exception = April 2013

www.kyoilgas.org

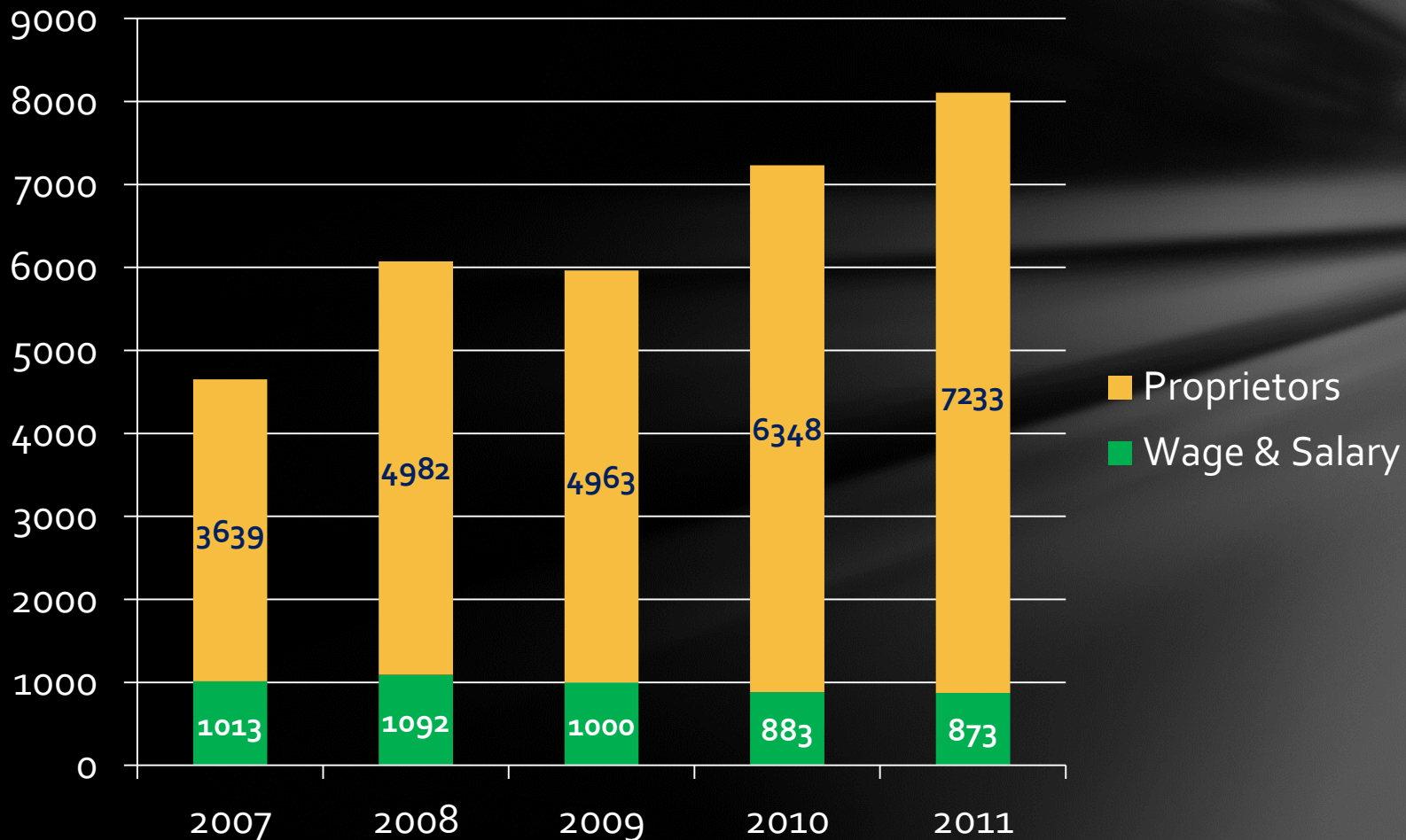
Oil and Gas Extraction: Jobs

Total



Source: Bureau of Economic Analysis www.bea.gov

NAISC 211 – Oil and Gas Extraction



Source: Bureau of Economic Analysis www.bea.gov

Industry Snapshot: Wes Cate

- Fireborn Energy
- Interest in 220 wells in Kentucky.
- Vice-President
 - Staking Locations
 - Leasing Acreage
 - Finance & Management



Industry Snapshot: Monica Sturgill

- Hay Exploration
- Operations Manager
- B.A. Economics
- M.B.A.

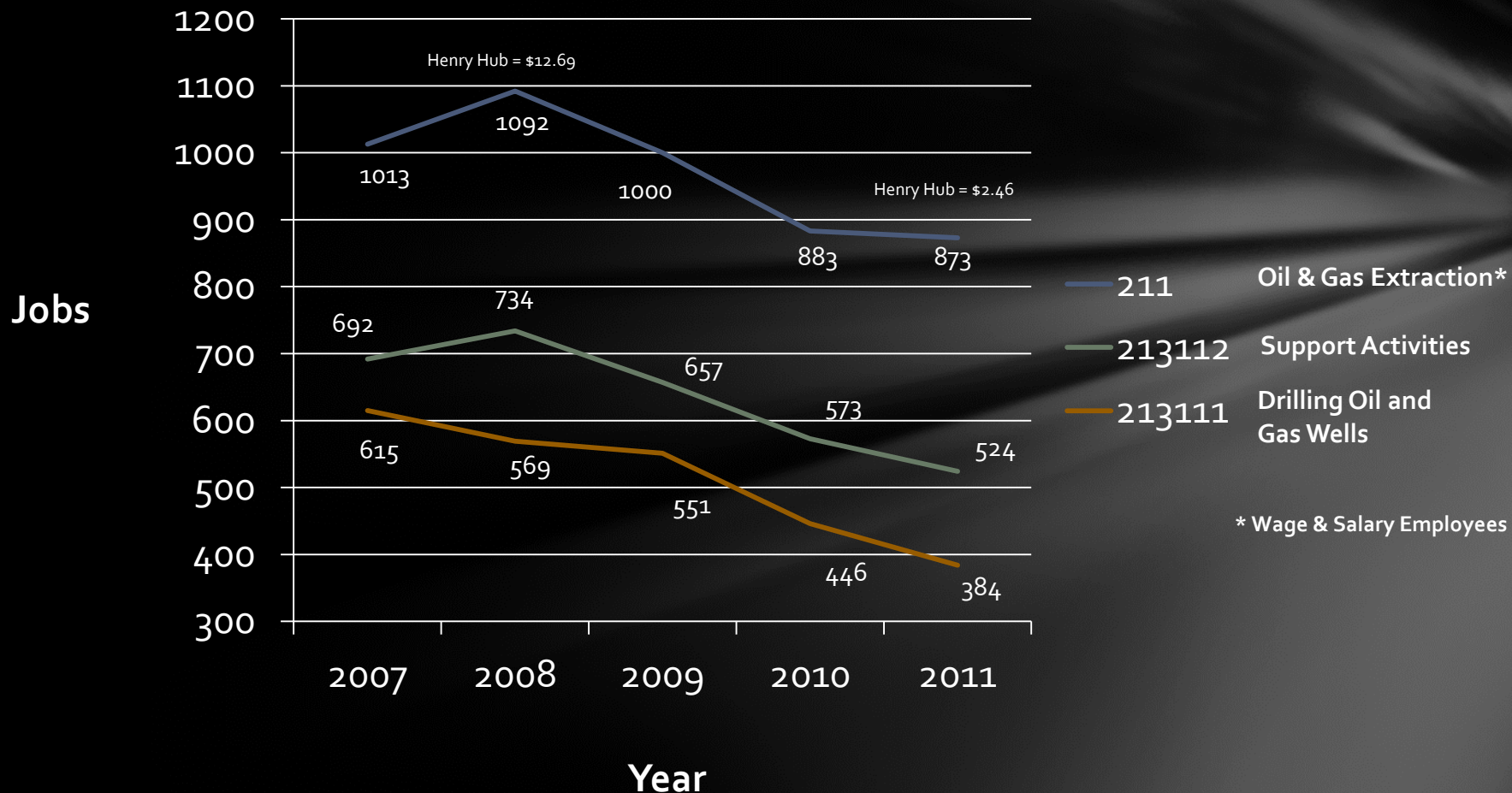


Industry Snapshot: C.V. Reynolds

- Attorney at Law
- Viking Exploration LLC
- 11 Natural Gas Wells
- 2 Oil Wells



Oil & Gas Employment Trends: Wage and Salary Employees



- * Wage and Salary only. Doesn't include "Proprietors".
- Source: Kentucky Office of Employment & Training

An Industry Snapshot: "Jobs"

NAISC	Sector Name	"Jobs"
❖ 211	Oil and Gas Extraction (Proprietors)	7,233
❖ 211	Oil and Gas Extraction (Wage & Salary)	873
❖ 213111	Drilling Oil and Gas Wells	384
❖ 213112	Support Activities for Oil and Gas Operations	524

TOTAL 9,014

- Source: Kentucky Office of Employment & Training – 2011 Figures & Bureau of Economic Analysis (BEA) www.bea.gov

An Industry Snapshot: “Jobs” (Downstream)

NAISC	Sector Name	“Jobs”
❖ 2212	Natural Gas Distribution	790
❖ 324110	Petroleum Refineries	680
❖ 486110	Pipeline Transportation (Crude Oil)	59
❖ 486210	Pipeline Transportation (Natural Gas)	844
❖ 32512	Industrial Gas Manufacturing	242

TOTAL (Downstream) 2,615

- Source: Kentucky Office of Employment & Training – 2011 Figures & Bureau of Economic Analysis (BEA) www.bea.gov

An Industry Snapshot: Wages

<u>Sector Name</u>	<u>Total Wages</u>	<u>Avg. Annual Wage</u>
❖ Oil and Gas Extraction (Wage & Salary)	\$53,956,295	\$61,788
❖ Drilling Oil and Gas Wells	\$17,310,996	\$45,042
❖ Support Activities for Oil and Gas Operations	\$28,102,028	\$53,681

Total Oil & Gas Wages (2011) \$99,369,319

Average Annual Wage (2011) \$55,794

- Source: Kentucky Office of Employment & Training – 2011 Figures & Bureau of Economic Analysis (BEA) www.bea.gov

An Industry Snapshot: Wages (Downstream)

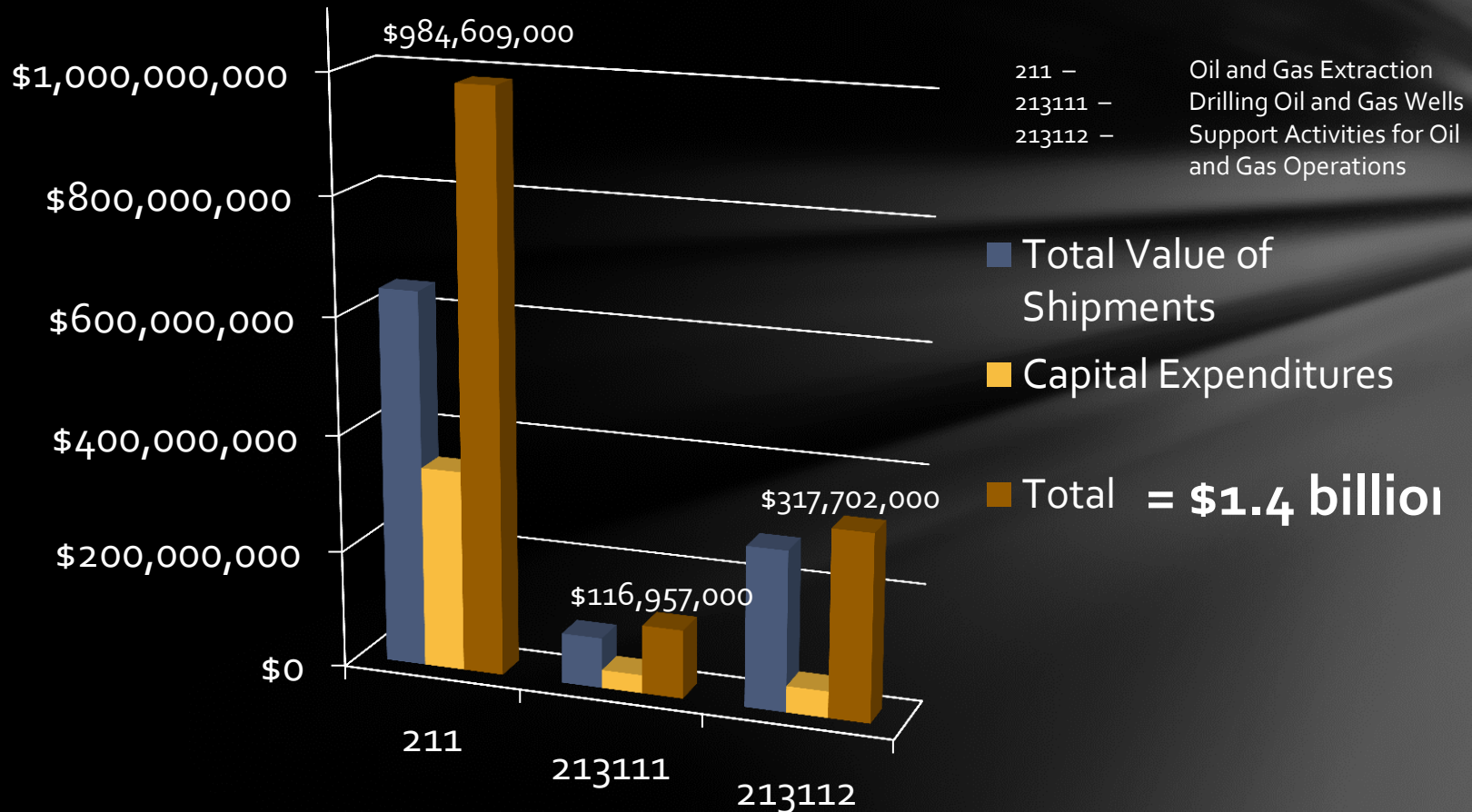
<u>Sector Name</u>	<u>Total Wages</u>	<u>Avg. Annual Wage</u>
❖ Natural Gas Distribution	\$45,204,055	\$57,190
❖ Petroleum Refineries	\$73,425,467	\$107,913
❖ Pipeline Transportation (Crude Oil)	\$5,377,967	\$91,023
❖ Pipeline Transportation (Natural Gas)	\$73,023,259	\$86,478
❖ Industrial Gas Manufacturing	\$14,310,853	\$59,238

Total Oil & Gas Wages (Downstream) \$211,341,601

Average Annual Wage (2011) \$80,818

- Source: Kentucky Office of Employment & Training – 2011 Figures & Bureau of Economic Analysis (BEA) www.bea.gov

2007 Economic Census



Kentucky Oil and Gas Industry: Total Output (2010)

- Total Output (Value of Production)
 - Intermediate Expenditures \$299,198,800¹
 - Employee Compensation \$ 64,025,090
 - Proprietor Income \$384,060,700
 - Other Property Income \$236,971,400
 - Indirect Business Taxes \$124,551,700

Total Output (Value of Production) = \$1,108,807,700

Source: IMPLAN version 3.0 of Kentucky, using 2010 county-level data.

¹ Ex. Support services for oil and gas operations, leasing of nonfinancial intangible assets, valves and fittings, etc.

Opportunities & Challenges for the Oil and Gas Industry Moving Forward

- Public education about safe hydraulic fracturing practices
- Increased EPA and ESA regulation affecting Kentucky's industry
- Dry gas prices in a dry gas state
- Planning for potential discovery of shale-like resources.

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